

House File 2439 - Introduced

HOUSE FILE 2439

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 660)

A BILL FOR

1 An Act relating to the administration of the sales and use
2 taxes by modifying provisions related to property purchased
3 for resale and by creating a sales tax exemption for certain
4 items purchased for use in providing vehicle wash and wax
5 services and including effective date provisions.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 423.1, subsection 39, paragraphs b and c,
2 Code Supplement 2011, are amended to read as follows:

3 b. The property is transferred to the user of the service
4 in connection with the performance of the service in a form
5 or quantity capable of a fixed or definite price value, or
6 the property is entirely consumed in connection with the
7 performance of an auto body repair service purchased by the
8 ultimate user.

9 c. The sale is evidenced by a separate charge for the
10 identifiable piece of property unless the property is entirely
11 consumed in connection with the performance of an auto body
12 repair service purchased by the ultimate user.

13 Sec. 2. Section 423.3, Code Supplement 2011, is amended by
14 adding the following new subsection:

15 NEW SUBSECTION. 96. The sales price from the sale of water,
16 electricity, chemicals, solvents, sorbents, or reagents to a
17 retailer to be used in providing a service that includes a
18 vehicle wash and wax, which vehicle wash and wax service is
19 subject to section 423.2, subsection 6.

20 Sec. 3. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
21 immediate importance, takes effect upon enactment.

22 EXPLANATION

23 This bill amends the definition of "property purchased for
24 resale in connection with the performance of a service" in
25 Code section 423.1. Under current law, property qualifies
26 as "property purchased for resale in connection with the
27 performance of a service" if, among other things, it is
28 transferred during the service in a form or quantity capable
29 of a fixed or definite price value and listed as a separate
30 charge. The bill provides that property which is entirely
31 consumed in connection with the performance of an auto body
32 repair service will also qualify as "property purchased for
33 resale in connection with the performance of a service", and
34 provides that the property entirely consumed in performance of
35 the service need not be listed as a separate charge.

1 The bill also creates a sales tax exemption for sales of
2 water, electricity, chemicals, solvents, sorbents, or reagents
3 made to a retailer for use in providing taxable vehicle wash
4 and wax services. By operation of Code section 423.6, an item
5 exempt from the imposition of the sales tax is also exempt from
6 the use tax imposed in Code section 423.5.

7 The bill takes effect immediately upon enactment.